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January 15, 2002

Copy Transmitted Electronically

Andrew Stephens
Director, Steel Trade Policy
Office of the U.S. Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Re: Request for Exclusion: Stainless Steel Wire (Product 11) from Canada

Dear Mr. Stephens:

On behalf of Central Wire Industries, Ltd. and Wire Industries Inc. of Dumas, Arkansas, we submit these final comments in support of our request to exclude stainless wire drawn in Canada from any restrictions that the President may ultimately impose on stainless wire from countries other than Canada. These comments respond to developments since our prior submission of November 13, 2001.

The ITC Intended that Stainless Wire Drawn in Canada not be Subject to Any Restrictions on Imports of Stainless Wire from Other Countries.

The ITC was split 3-3 on the issue whether imports of stainless wire were a substantial cause of serious injury to the US injury. Of the three Commissioners who found injury or threat of injury, all three found that imports of stainless wire from Canada were not "contributing importantly" to injury and therefore should not be subject to

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restraints.¹ Thus, the Commission was in effect unanimous that imports of stainless wire from Canada should not be subject to restrictions.

In the course of both the injury and remedy phases of the Commission's investigation, Central Wire and the other Canadian Stainless Producer, Greening-Donald Ltd., repeatedly brought to the Commission's attention the problem that exists with respect to imports of wire drawn in Canada. In both written briefs and oral testimony, we pointed out that under US Customs and NAFTA rules, wire takes as its country of origin the country of origin of the wire rod that is used to produce it. Since there are no stainless steel rod producers in Canada, virtually all stainless wire drawn in Canada must be declared for US Customs purposes as wire from the country where the rod is made. The only exception is wire drawn in Canada from US wire rod, which is declared as Canadian wire pursuant to the "NAFTA Override" provisions of Customs regulations.

At the ITC, we expressed our concern that should the Commission recommend relief on stainless wire from other countries, this relief could apply to stainless wire drawn in Canada by virtue of the customs country-of-origin rules. This would violate the Commission's unanimous determination that imports of stainless wire from Canada were not injuring the US industry.

Of the three Commissioners who found injury on wire from countries other than Canada, two Commissioners specifically took notice of this problem. Thus, Commissioner Devaney noted that he had "made a negative finding with respect to imports from Canada, and added in a footnote--

¹ *Steel*, Inv. No. TA-201-73, USITC Pub. No. 3479, Vol. I, pp. 259 (Commissioner Koplan), 305 (Commissioner Bragg), and 347 (Commissioner Devaney). The three remaining Commissioners did not need to reach the issue of the role of NAFTA imports because they found that imports from all countries were not a substantial cause of serious injury to the domestic stainless wire industry.

The Canadian stainless steel wire producers raised the issue that according to the NAFTA rules of origin, stainless wire is classified to be of country of origin where its stainless steel wire rod is produced. The domestic producers who have commented on this issue do not object to classifying Canadian stainless steel wire according to where the wire is actually drawn for purposes of this investigation.²

Commissioner Bragg, although expressing herself somewhat less clearly, also noted that her negative determination on stainless wire from Canada would apply regardless of whether wire drawn in Canada were considered Canadian wire or not.³

In sum, two of the three Commissioners who had to deal with imports of stainless wire noted that restrictions on stainless wire from other countries should not apply to wire drawn in Canada.

No US Producer Objects to Considering Wire Drawn in Canada to Be Canadian Wire for Purposes of Applying Any Remedy to Stainless Wire from Other Countries.

No US producer has made any comments suggesting that wire drawn in Canada should be treated as anything other than Canadian wire which has been found not to be injuring the US industry. Indeed, as noted in Commissioner Devaney's footnote, the domestic industry has specifically stated that wire drawn in Canada should be considered Canadian wire, regardless of the origin of the wire rod used to produce it. Since the Commission found unanimously that wire from Canada -- and specifically wire drawn in Canada -- was not injuring the US industry, the President would have no basis in law to impose any remedy that would restrain imports of wire drawn in Canada.

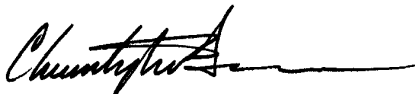
² USITC Pub. No. 3479 at 540 n33.

³ Id. at 518 n3.

Conclusion

For the reasons set forth above, stainless wire drawn in Canada should specifically be exempted from any remedy that the President may ultimately impose on stainless wire from other countries.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Christopher Dunn", with a long horizontal flourish extending to the right.

Christopher Dunn

Attorney for Central Wire Industries, Ltd.